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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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State Dept. review completed

1 May 1970

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Approved For Release 2003/10/01 : CIA-RDP79T00975A016100090001-3

Approved For Release 2003/10/01 : CIA-RDP79T00975A016100090001-3

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No. 0104/70
1 May 1970

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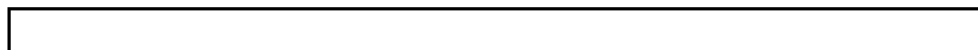
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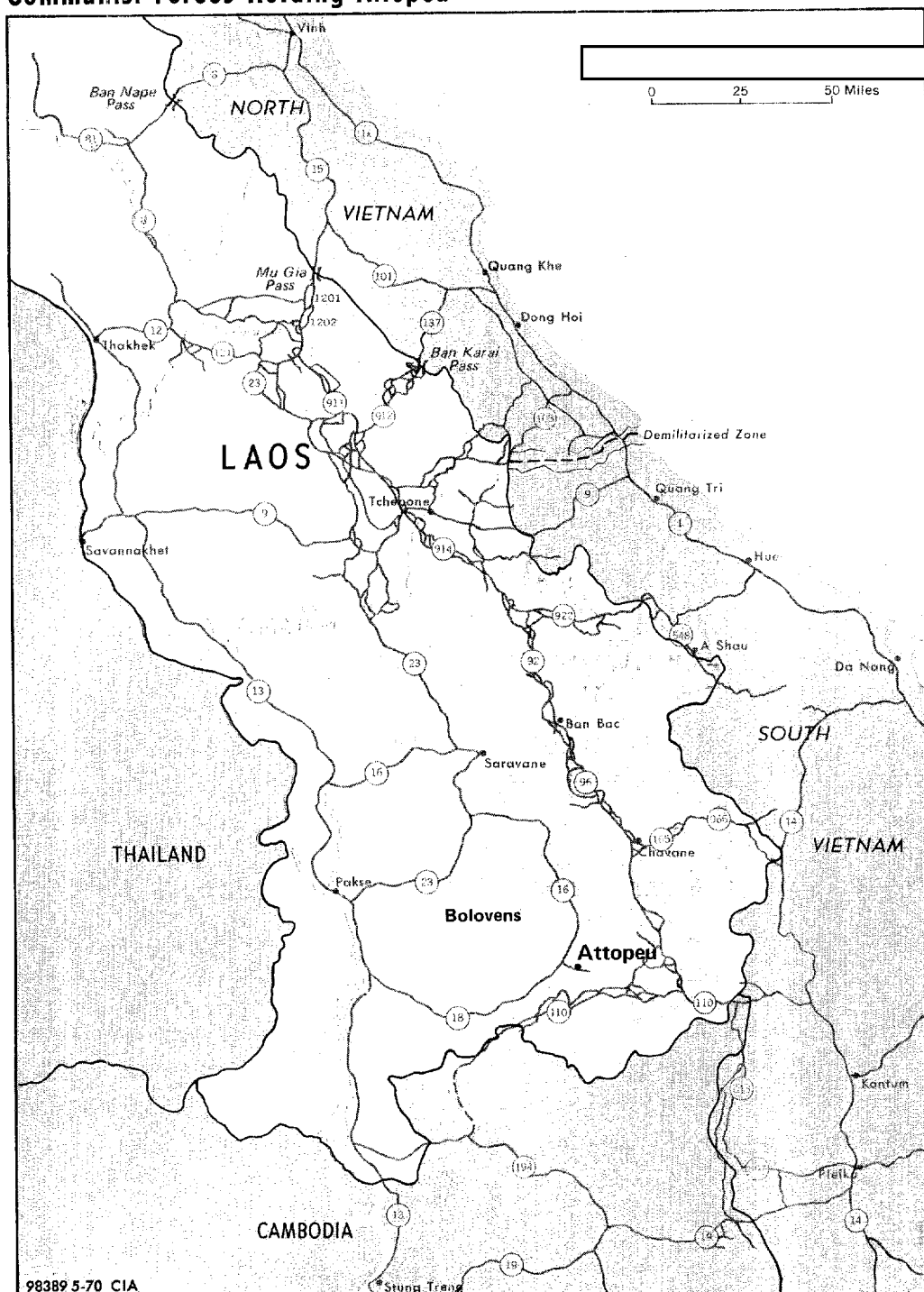
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Communist Forces Holding Attopou



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Laos: Communist forces remain in control of Attapeu town, and fresh Communist action has been reported in the Bolovens Plateau area.

A Communist rocket attack was directed at the military region headquarters and airstrip at the Mekong River town of Pakse. There was no damage. These same facilities came under similar attack on two other occasions earlier this dry season.]

The Attapeu garrison commander, who abandoned the town on 30 April, apparently escaped with about 300 of the original 600-man defense force. General Phasouk, commander of the southern military region, has ordered air strikes against munition dumps inside the town, which may result in additional civilian casualties. At last report, some fighting was continuing on the Bolovens Plateau where a government relief column is trying to retake a fire base overlooking Attapeu.

The identity and number of the enemy forces that attacked Attapeu are still not known. It is likely that both North Vietnamese and Pathet Lao units were involved, [REDACTED]

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Phasouk is also claiming that the attack was the first step in a new Communist offensive in southern Laos designed to secure the Se Kong River, Route 16, and sanctuaries in support of future enemy operations against Cambodia and South Vietnam. Phasouk placed a similar interpretation on the extensive 1967-68 Communist offensive in the Bolovens, but subsequent events did not reveal the establishment of a major enemy infiltration route well to the west of the heavily used and defended infiltration corridor.

Now, however, the Communists' desire to use the Se Kong River may have increased. Nevertheless, the

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route would be more vulnerable to harassment than the one already established toward Cambodia and South Vietnam via Routes 96 and 110.

Phasouk has used the Attapeu attack to urge the return of southern forces sent to bolster the Meo units in the north, where the lull in the fighting has continued for some time. General Ouan, the Lao Armed Forces chief, reportedly supports this request and will recommend it to the prime minister.

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Jordan-Fedayeen: A new round of negotiations may be jeopardized by fedayeen charges that Jordan is plotting to kill commando leaders.

Yesterday, the Popular Front for the Liberation of Palestine (PFLP) announced that a Jordanian Army plot to assassinate top commando leaders had been foiled. The spokesman pinpointed army commander Sharif Nasir as primarily responsible.

[REDACTED]

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[REDACTED] The publicity given to Sharif Nasir's plot will make it difficult for even the more moderate fedayeen groups to accept any accommodation that might entail significant concessions.

The government-fedayeen confrontation last February was supposedly resolved by an "agreement" that the fedayeen have since been flouting openly. The government sorely needs to give at least the appearance of controlling them, particularly in the wake of the recent disturbances that led to the cancellation of US Assistant Secretary of State Sisco's planned visit to Amman. [REDACTED]

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Libya: The revolutionary government is making some effort to grapple with economic problems.

After eight months of ministerial controversy, it has completed a development budget for the fiscal year that began on 1 April. The budget is about 26 percent larger than that of the Idris government for the previous fiscal year. Allocations for industry and agriculture are more than doubled, while those for housing and public works remain about the same.

The government building program included in the budget is designed to ease unemployment and satisfy political discontent to some extent. Total domestic expenditures by the government are expected to remain at the level of last year, however, because of reported cuts in wages and other items.

There is no indication that this government is any better prepared to implement a development budget than the Idris regime. As in previous years, allocations are based on a list of projects rather than a meaningful scheme for future growth. It is unlikely that all proposed projects can get under way or that the amounts allocated will actually be expended during the year.

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India: The launching of a Chinese Communist satellite has intensified the debate over whether India should develop a nuclear deterrent.

In recent months, the political right has become especially vocal in demanding development of nuclear weapons for defense against China. India could probably produce a test device within a year of a decision to go ahead, but a fully operational nuclear weapon would not be available for at least one and probably two years after the initial test. Moreover, many Indian leaders believe a credible deterrent requires a sophisticated delivery system and that this is beyond India's present economic means.

Parliamentary discussions following the Chinese launch reflected the heightened pressure on Mrs. Gandhi's government to develop nuclear weapons. Although the government apparently failed to mollify the aroused legislators, the lower house did not express its concern by voting against the defense budget later in the day. Nevertheless, the government will continue to be attacked on this emotional issue.

Pressures for a change in policy are likely to build as Mrs. Gandhi's minority government moves toward the next general elections, which must be held by 1972.

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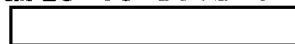
Ecuador: A change in the government has been predicted unless Congress approves the administration's fiscal reform program before adjourning on 4 May.

There is widespread agreement that the government is not coping with its responsibilities. The financial crisis of 1969 has continued into 1970 and the government will probably have to continue inflationary borrowing to cover the sizable budget deficit. In addition, recurring student disorders continue to cause fatalities among students and police.



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Velasco appears to recognize from his own experience--which includes being forced from the presidency three times--that the assumption of dictatorial powers could easily coalesce the strength of his opponents and again lead to his ouster. Velasco may find, however, that he is unable to resist the pressures for some sort of change.



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Bolivia: The Ovando government plans to participate in May Day celebrations in the hope of preventing violence and obtaining greater labor support.

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Security precautions for the May Day celebrations are to be handled by the National Guard, although the army, which has been restricted to its barracks, has been ordered to maintain a 100-percent state of alert. The government hopes to control the activities but also wishes to avoid the creation of martyrs if disturbances should occur.

The government is also trying to manipulate the national labor congress that opens today. The Bolivian Workers Central, which was suppressed under the Barrientos regime, has received government financing and permission to use the national legislature building to hold its congress.

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International Labor: Chances of a reconciliation that would bring the AFL-CIO back to the International Confederation of Free Trade Unions (ICFTU) have diminished even further.

The ICFTU group on the "American problem" still plans to meet with George Meany in Geneva this June for further discussions, but the ICFTU subcommittee on financing, currently meeting in London, has already begun to focus on planning that assumes continued disaffiliation. Although the AFL-CIO's presence and money are wanted and needed by the ICFTU, a European labor union source says that the Europeans feel that they have gone as far as possible to satisfy Meany.

The dispute arose originally over the application of the United Auto Workers to join the ICFTU, which Meany opposed. The application has been rejected, but the disenchantment between the ICFTU and the AFL-CIO continues. Without the AFL-CIO, the ICFTU, the major non-Communist international labor movement, will become largely a European-led organization and its ability to foster the development of unionism in the third world will be severely handicapped.

European labor leaders may now also feel more free to pursue closer contacts between the ICFTU and Communist labor organizations, to which Meany had strongly objected in the past. [REDACTED]

[REDACTED]

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NOTES

NATO-Greece: Yesterday's meeting of the NATO Defense Planning Committee (DPC) was postponed until 8 May. The action was caused by a Danish decision to oppose DPC acceptance of a compromise report on Greek force goals. A number of NATO members plan demarches aimed at putting the compromise together again, prior to the rescheduled meeting. The compromise would permit Denmark, Norway, and the Netherlands to dissociate themselves from the report with a footnote. The US and a number of other allies--including the UK and West Germany--hope to keep the NATO ministerial meeting, scheduled for 26-27 May, free of debate on the Greek issue because it could prove divisive for the Alliance. Failure to head off the Danish challenge, however, would almost certainly guarantee that the issue will be raised. [REDACTED]

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Albania-Denmark: Albania and Denmark have agreed to establish diplomatic relations at the ambassadorial level, according to an announcement from Tirana on 29 April. This marks the first return on Albania's recent overtures to five West European countries--including Belgium, Norway, Switzerland, and possibly the Netherlands--for diplomatic and economic ties. The Albanians hope to achieve greater political flexibility and satisfy the requirements of their economy. According to a Danish diplomat, the Albanians intend to send an ambassador to fill the long-standing vacancy in Sweden and accredit him also to both Norway and Denmark. Oslo reportedly favors relations with Albania, and negotiations are in process. [REDACTED]

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Chile-Cuba: A Chilean ship may be used to transport foodstuffs from Chile to Cuba. This action would breach the OAS sanctions imposed in 1964 and, under US law, would subject the ship to the denial of US bunkering and cargo. It would be the first time a Latin American vessel had been involved in the Cuban trade since 1964. Chilean officials have defended recent commercial deals with Cuba as "humanitarian" exceptions permitted by the OAS resolutions. Use of a Chilean vessel would emphasize the government's intention to continue its agricultural trade with Cuba and could tempt other Latin American countries to follow the Chilean lead.

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 30 April 1970 approved the following special national intelligence estimate:

SNIE 86.2-70 "Short-Term Prospects
for Political Stability
in the Dominican Republic"



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